

OPERATION OFFSET

By Gil Gutknecht

Like Dickens' writing in *A Tale of Two Cities*, "It was the best of times, it was the worst of times..."

OCTOBER 2005

Dear Friends:

This nation's deficit spending amounts to a generational transfer of wealth – today's youth will pay for the decisions we make now. Congress needs to control federal spending.

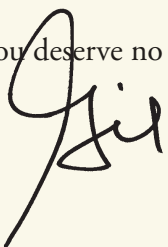
I am sending you this special budget report so that you know what actions I am taking to rein in government spending.

I know our country has been through a lot lately, but I truly believe America's best days are yet to come.

America has a remarkable ability to transform challenge into opportunity. That sense of perpetual optimism and divine purpose has always guided my work in the U.S. House of Representatives.

We will rebuild the Gulf Coast. We will renew our devotion to our core fiscal principles. We will prioritize spending, and we will do a better job of holding ourselves accountable for being good stewards of your tax dollars.

You deserve no less.

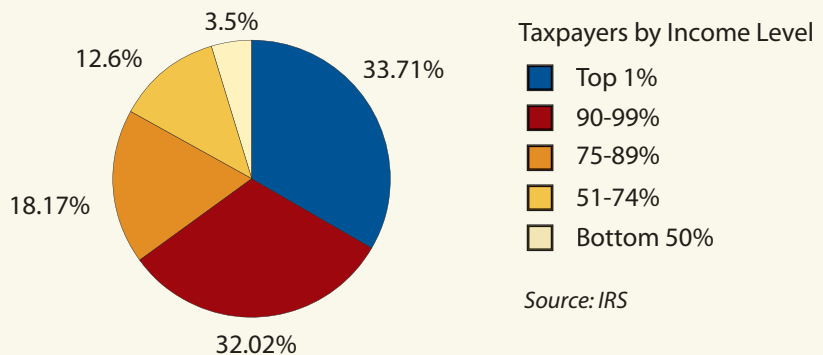


This mailing was prepared, printed and mailed at taxpayer expense.

The U.S. economy is the envy of most industrialized countries. The Germans and French would love to have our unemployment and economic growth rates. In spite of an economy, strong by historic standards, we've allowed spending to drive our deficit to over \$300 billion.

And then came Katrina.

Group's Share of Income Taxes

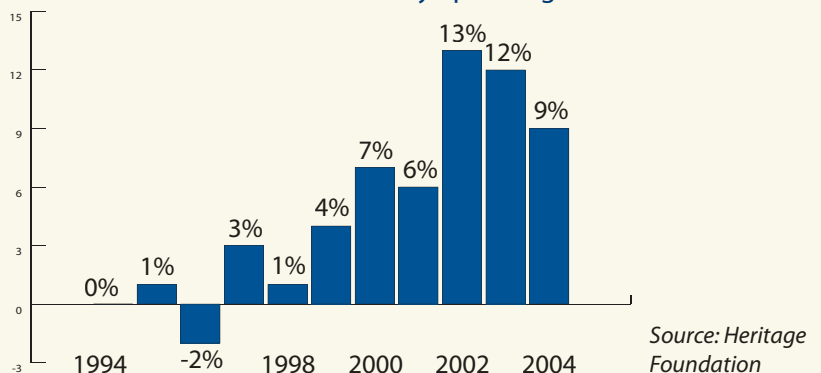


Our colleagues on the left argue that the problem is that Americans, especially wealthy Americans, aren't sending enough in to Washington. But, the average American family already pays more in taxes than they do for food, clothing and shelter...combined! The chart above demonstrates that the wealthiest among us still pay the lion's share of taxes. In fact, the top 10% pay nearly 2/3 of all the taxes. In spite of tax cuts, the wealthy are paying more in taxes and a larger share of the total.

The problem is spending.

The chart below shows what has happened to spending over the last ten years. The growth rate is unsustainable. I believe that there is no reason that the federal budget should grow at a faster rate than the average family budget. Even excluding the costs of the war, spending is growing too fast.

Annual Growth in Discretionary Spending



Most of us voted to spend \$62 billion for disaster relief in the days following Katrina. I knew that this was a vote to borrow the money. But we balked at another \$200 billion without corresponding cuts in other spending. Emergencies happen, but writing checks on our children isn't the right way to respond to them.

A group of House conservatives accepted the challenge to find "offsets." The Republican Study Committee has assembled a list of over \$1.2 trillion in potential spending cuts. Contact my office for a copy of the listing.

We've suggested delaying the new Medicare prescription drug benefit and rescinding all of the "special projects" included in the recently signed transportation bill. Those two suggestions alone would save nearly \$75 billion. Contrary to what some have said, we believe there is fat in the federal budget.

Cynics say that offsets will never happen. Left to normal Beltway behavior, they are right. But, these are unusual times. If the public demands, these may be the best of times to restore some fiscal sanity.

What is OPERATION OFFSET?

The Republican Study Committee (RSC) recently unveiled “Operation Offset” – a \$1.2 trillion package of proposed spending cuts that could be used to pay for hurricane relief and recovery efforts. The savings would be spread over 10 years.

As a member of the Steering Committee of RSC, I applaud efforts to cut fat out of the budget – something I think should have been done *before* Hurricane Katrina.

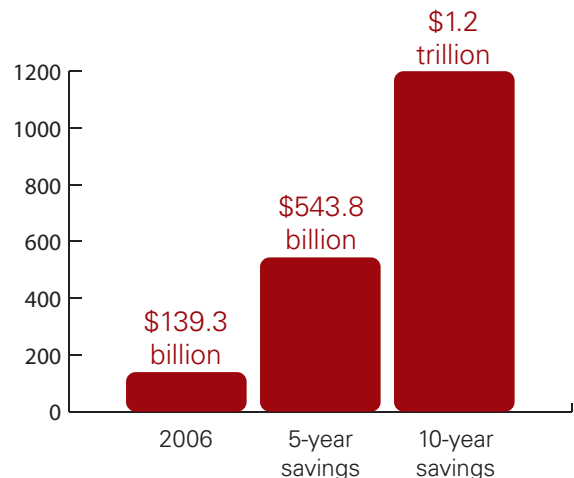
Operation Offset outlines savings in more than 100 government programs. While I may not agree with every proposal, I do support the goals.

For example, I support:

- A one-year delay in the Medicare prescription drug benefit;
- Cuts to transportation earmarks in the highway bill;
- Cancellation of NASA's moon and Mars initiative;
- Reductions and freezes in U.S. foreign aid and some entitlement programs.

To obtain a full copy of this report, please contact my offices or visit my website at www.gil.house.gov and click on ‘Operation Offset’.

Projected Savings if all Operation Offset Suggestions Were Enacted



Legislation to control **GOVERNMENT SPENDING:** *(cosponsored by Congressman Gutknecht)*

Family Budget Protection Act (HR 2290): Reforms federal budget procedures by imposing spending safeguards; combating waste, fraud and abuse; and decreasing the maximum amount of public debt allowable under law.

Obligation of Funds Transparency Act (HR 1642): Prohibits federal agencies from funding special-interest earmarks that are only included in congressional reports, and not legislation actually passed by Congress and signed into law by the President.

Prescription Drug Cost Containment Act (HR 1382): Delays implementation of the Medicare prescription drug benefit program by one year. Extends the prescription drug discount card program by one year.

HR 3797: Prohibits the U.S. government from constructing or leasing new office space until 2007.

HR 3813: Establishes a federal office to oversee hurricane recovery efforts and hires a Chief Financial Officer to pre-approve all federal spending for relief efforts.

HR 1273: Requires any amounts remaining in a Member's office account at the end of a fiscal year be returned to the U.S. Treasury for deficit reduction. On average, I return over \$100,00 of my office funds every year to the U.S. House of Representatives.

What is a CONTINUING RESOLUTION?

Congress recently passed a “continuing resolution” to ensure that the federal government continues to function beyond October 1, the start of the new fiscal year.

Unlike previous resolutions, this CR will fund these government agencies at the lowest level possible. For a majority of these agencies, that means they will have their budgets frozen at last year's level.

In all, this will save the taxpayers \$26 billion. Even here in Washington, that's real money.

The CR expires on November 18, giving Congress time to finish the nine remaining appropriations bills for fiscal year 2006. The House passed all of its appropriations bills before July 4, but the Senate is still far behind.

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